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Counsel for GFI-Glendale Investments Limited Partnership

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re SEARS HOLDINGS CORPORATION,
et al.,¹

Debtors.

Bankruptcy Case No. 18-23538 (RDD)

Chapter 11

(Jointly Administered)

**GFI-GLENDALE INVESTMENTS LIMITED PARTNERSHIP CURE CLAIM
OBJECTION FOR STORE NO. 30938 (GLENDALE, ARIZONA)**

GFI-Glendale Investments Limited Partnership (“GFI-Glendale”) pursuant to the Order
Approving Global Bidding Procedures and Granting Related Relief, dated November 19, 2018

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SRC Sparrow 1 LLC (None); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); SRC Sparrow 2 LLC (None); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); SRC O.P. LLC (None); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); SRC Facilities LLC (None); and SRC Real Estate (TX), LLC (None). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

(“Global Bidding Procedures Order”) under Section 365(b) of the Bankruptcy Code for cure of defaults resulting from Kmart Corporation’s proposed assumption and assignment of an unexpired nonresidential real property lease for Kmart Store No. 30938 located in Glendale, Arizona objects as follows:

1. On October 15, 2018 (“Petition Date”), Sears Holdings Corporation and several of its affiliates, including Kmart Corporation, filed voluntary petitions under chapter 11 of the Bankruptcy Code.

2. As of the Petition Date, GFI-Glendale was the landlord and Kmart Corporation (“Debtor”) was the tenant under a lease of nonresidential real property located in Glendale, Arizona (Kmart Store No. 30938) dated as of March 12, 1993, and amended and modified from time to time (“Lease”).

3. On January 23, 2019, the Debtor served GFI-Glendale with its Supplemental Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction (“Assumption Notice”). See Docket No. 1774.

4. In the Assumption Notice, the Debtor indicated that the Lease may be assumed and assigned in connection with the sale of the Global Assets and asserted that no Cure Amount was due under the Lease.

5. The Debtor is in default of its monetary obligations under the Lease, including Sections 4 and 14 of the Lease, to pay real estate taxes and obligations for repairs and maintenance.

6. GFI-Glendale’s monetary cure claim as of the filing of this Cure Claim Objection with respect to the Lease is an amount not less than \$262,959.91.

7. The categorical breakdown of the monetary cure claim is as follows:

Category	Amount
Real estate taxes for the period of January 1, 2018 – December 31, 2018 with Maricopa County Treasurer’s Office, AZ	\$161,397.01 related to property at 6767 W Bell RD, Glendale, AZ as described in Exhibit A . \$862.90 related to certain lot 1 and described in Exhibit A .
Estimated repairs and maintenance costs	\$100,000.00 – for estimated repairs and maintenance, not limited to, the following: frontage access between parking lot and pads, landscaping, parking curbs, parking lot lights.
TOTAL	An amount not less than \$262,959.91

8. To assume the Lease, the Debtor must cure the aforementioned defaults.

9. This Cure Claim Objection is without prejudice to the fact that other and additional cure claim amounts (a) may exist and/or may become known at a future date and (b) will accrue on an ongoing basis between the filing of this Cure Claim Objection and any subsequent assumption of the Lease. GFI-Glendale expressly reserves its right to amend or supplement its Cure Claim Objection through and including the effective date of any proposed assumption and assignment of the Lease.

Dated: January 31, 2019

Respectfully submitted,

KIRTON MCCONKIE P.C.

By: /s/ Ralph R. Mabey

Ralph R. Mabey (NY Bar No. 1993476)
*Counsel for GFI-Glendale Investments Limited
Partnership, a Utah limited partnership.*

CERTIFICATE OF SERVICE

The undersigned hereby certified that on this 31st day of January, 2019, a true and correct copy of the foregoing *Objection* was electronically filed with the United States Bankruptcy Court for the Southern District of New York CM/ECF filing system and further certifies that the below listed are parties will be served:

SERVICE LIST

VIA EMAIL

I. Bid Notice Parties

a. Debtors

Rob Riecker: rob.riecker@searshc.com
Luke Valentino: luke.valentino@searshc.com
Mohsin Meghji: mmeghji@miiipartners.com
General Counsel: counsel@searshc.com

b. Debtors' counsel

Ray Schrock, Esq.: ray.schrock@weil.com
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Gavin Westerman, Esq. Gavin.Westerman@weil.com

c. Debtors' investment banker:

Brandon Aebersold and Levi Quaintance: project.blue.rx@lazard.com

II. Buyer Parties

a. Buyer

Kunal S. Kamlani: kunal@eslinvest.com
Harold Talisman: harold@eslinvest.com

b. Counsel

Christopher E. Austin, Esq.: caustin@cgsh.com
Benet J. O'Reilly, Esq.: boreilly@cgsh.com
Sean A. O'Neal, Esq.: soneal@cgsh.com

III. Consultation Parties

a. Bank of America

Paul Leake, Esq.: Paul.Leake@skadden.com
Shana Elberg, Esq.: Shana.Elberg@skadden.com
George Howard, Esq.: George.Howard@skadden.com

b. Wells Fargo Bank

Kevin J. Simard, Esq.: ksimardachoate.com
Jonathan D. Marshall, Esq.: jmarshall@choate.com

c. Committee

Ira S. Dizengoff, Esq.: idizengoff@akingump.com
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VIA FIRST CLASS MAIL

Transform Holdco,
LLC c/o ESL
Partners, Inc.
Attention: Kunal S. Kamalani and Harold Talisman
1170 Kane Concourse, Suite 200
Bay Harbor Islands, FL 33154

Sears Holdings
Corporation Attn:
General Counsel 3333
Beverly Road Hoffman
Estates, IL 60179

Weil, Gotshal & Manges LLP
Attention: Ray C. Schrock, P.C.,
Ellen J. Odoner, Gavin Westerman and Sunny
Singh 767 Fifth Avenue
New York, New York 10153

Cleary Gottlieb Steen & Hamilton
LLP Attention: Christopher E.
Austin, Benet J. O'Reilly and
Sean A. O'Neal One Liberty Plaza
New York, NY 10006

/s/ Teena Sanders

EXHIBIT A
(2018 Property Taxes)

4841-9658-6118, v. 2



Royce T. Flora, Treasurer

Tax Due 200-52-989 5

Current Mailing Name & Address

GFI-LENDALE INVESTMENTS LTD PART
PO BOX 22799
HOUSTON, TX 77227

Property (Situs) Address

6767 W BELL RD
LENDALE, AZ 85308

WE DO NOT PROVIDE FOR SCHEDULED PAYMENTS. PAYMENTS ARE PROCESSED THE DAY THEY ARE ENTERED.

Total amount due does not reflect any pending payments. Amount may change based on activity to this parcel.

1. Select Tax Year: 2018

2. Select Payment Date

To view an estimate of the amount due on a future date select a specific calendar date.

1/25/2019

Estimated Tax Due if Paid By 1/25/2019

Tax Breakdown	1st Half	2nd Half	Total
Tax Due:	\$79,116.22	\$79,116.22	\$158,232.44
Interest Due:	\$3,164.57	\$0.00	\$3,164.57
Fees Due:	\$0.00	\$0.00	\$0.00
Total Due:	\$82,280.79	\$79,116.22	\$161,397.01

- Partial payments will be applied first to all interest and fees due, with the remaining payment balance applied to the tax amount.
- If you are delinquent on both 1st and 2nd Halves Due after the May delinquent date, you must add the interest and fees of both halves together when making a 1st Half Payment only.
- For payment terms and conditions, view our taxes due section on frequently asked questions.



Royce T. Flora, Treasurer

Tax Due 200-52-012H 3**Current Mailing Name & Address**

WGA - GLENDALE INC
C/O SEARS HOLDING CORP
3333 BEVERLY RD, DEPT. 36134
HOFFMAN ESTATES, IL 60179

Legal Description

Section/Lot 1 Township/Block 3N

Range/Tract 1E

TH PT LOT 1 (AKA NE4 NE4) SEC 1 DAF COM NE
COR SD

WE DO NOT PROVIDE FOR SCHEDULED PAYMENTS. PAYMENTS ARE PROCESSED THE DAY THEY ARE ENTERED.

Total amount due does not reflect any pending payments. Amount may change based on activity to this parcel.

1. Select Tax Year: 2018

2. Select Payment Date

To view an estimate of the amount due on a future date select a specific calendar date.

1/25/2019

Estimated Tax Due if Paid By 1/25/2019

Tax Breakdown	1st Half	2nd Half	Total
Tax Due:	\$422.99	\$422.99	\$845.98
Interest Due:	\$16.92	\$0.00	\$16.92
Fees Due:	\$0.00	\$0.00	\$0.00
Total Due:	\$439.91	\$422.99	\$862.90

- Partial payments will be applied first to all interest and fees due, with the remaining payment balance applied to the tax amount.
- If you are delinquent on both 1st and 2nd Halves Due after the May delinquent date, you must add the interest and fees of both halves together when making a 1st Half Payment only.